

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

WORLDCOM COMMENTS

WorldCom supports the Illinois Commerce Commission's request that the Commission reconsider its decision to increase high cost support for rural carriers. The Commission should reconsider the RTF Order because the decision to base the fund size solely on an alleged "consensus of divergent interests"² violates Section 254. While it may be true that "[d]etermining whether support is 'sufficient' for the purposes of the Act is not a precise exercise,"³ the Act still requires that the Commission base its policies -- including

³RTF Order at ¶ 27.

the selection of the fund size -- on the principles enumerated in Section 254(b).⁴ The RTF Order violates Section 254(e) and 254(b) by changing support levels without even mentioning the Section 254(b)(1) principle of affordability and the Section 254(b)(3) principle of comparability of rates and services.

The Commission itself had previously stated that it would be hesitant to provide more support to rural carriers without “clear evidence” that “such increases are necessary either to preserve universal service, or to protect affordable and reasonably comparable rates.”⁵ Because the RTF Order fails to evaluate affordability and comparability, much less explain why an increase in support is necessary to protect affordable and reasonable comparably rates, there is no reasoned basis for the RTF Order’s conclusion that the higher support level is only “sufficient” and not “excessive” in violation of the Act.

Certainly, nothing in the record of this proceeding provides the requisite “clear evidence” that a larger fund is required to protect affordable and reasonably comparable rates. As the ICC notes, “neither the RTF nor any party supporting the RTF’s proposed funding increases performed detailed analyses of the need for support in any area where the RTF recommended increasing the fund.”⁶ Significantly, no commenter even claimed that rates in rural areas were not affordable or were not comparable to rates in urban areas.

⁴47 U.S.C. §254(e) (support should be “sufficient to achieve the purposes of this section”); 47 U.S.C. § 254(b) (Commission “shall base policies for the preservation and enhancement of universal service” on the principles enumerated in Section 254(b)(1)-(7)).

⁵Federal-State Joint Board on Universal Service, Seventh Report and Order and Thirteenth Order on Reconsideration, 14 FCC Rcd 8078, 8111-8112 (1999).

⁶ICC Petition at 5.

And, as WorldCom showed in its comments, there was no evidence that rural carrier infrastructure did not meet the technology standards implicit in the non-rural carrier cost model. From all indications, the rural carriers are deploying modern network technologies.⁷ In particular, the Commission recently found that fully two-thirds of rural telephone companies and cooperatives are already offering advanced services or plan to offer them in the future.⁸

If the Commission retains the mechanism adopted in the RTF Order, it should decline to adopt NTCA's proposal to change the safety valve index year. NTCA does not address in any way the Commission's finding that it would be inappropriate to use the cost data of the selling carrier to determine universal service support.⁹ Even though the selling carrier's cost data would be used only for the first year under NTCA's proposal, there would still be a substantial risk that the acquiring carrier would receive more support than necessary to achieve the objectives of the safety valve proposal. Moreover, there is no evidence that a one-year delay would in any way harm customers in the acquired exchanges, particularly since the types of upgrade projects that the safety valve mechanism

⁷See, e.g., NTCA 21st Century White Paper Series, "Community Based Telephone Service for Rural America," May, 2000, at 6 ("At the end of 1997, over 99 percent of rural telco switches were digital. In contrast, the Regional Bell Operating Companies (RBOCs) still had almost 15 percent of their switching investment in analog switches.") At page 10 of the same white paper, NTCA states that "rural carriers have been able to bring rural customers basic options that their urban counterparts receive."

⁸Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, Second Report, CC Docket No. 98-146, released August 21, 2000, at ¶ 221.

⁹RTF Order at ¶ 103.

is intended to support are unlikely to be planned and engineered to any significant degree prior to the end of the first year.

Respectfully submitted,
WORLD COM, INC.

A handwritten signature in black ink, appearing to read "Alan Buzacott".

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July 31, 2001

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on July 31, 2001.



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CERTIFICATE OF SERVICE

I, Barbara Nowlin, do hereby certify that copies of the foregoing Comments were sent via first class mail, postage paid to the following on this 31st Day of July, 2001.

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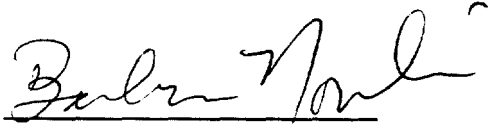
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